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[Third Party Communication:

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Release Date: 3/28/2014

From: [REDACTED]

Sent: Friday, January 31, 2014 10:20:55 AM

To: [REDACTED]

Cc: [REDACTED]

Bcc:

Subject: RE: Woods Supreme Court Case

The penalty can be directly assessed following the partnership proceeding and deficiency procedures do not apply to the penalty regardless of any required partner-level determinations. Partner-level defenses must be asserted through a refund claim after assessment and payment. Treas. Reg. 301.6221-1(d). Section 6230(a)(2)(A)(i) makes the penalty not subject to deficiency procedures. But the Service may consider whether the partner had an individual reasonable cause/good faith defense in deciding whether to assess the penalty. An affected item report should be included with the RAR to make this partner-level determination.